

Message Text

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60

ACTION EB-07

INFO OCT-01 AF-04 ARA-06 EUR-12 EA-06 NEA-06 ISO-00 FEA-01

AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-01 INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-01 PA-01 PRS-01 USIA-06 /110 W

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R 201535Z DEC 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 953

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMCONSUL JERUSALEM

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY MANAMA

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY ROME

AMEMBASSY SANAA

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

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BEIRUT PASS BAGHDAD

E.O. 11652: NA

TAGS: ENRG EG

SUBJECT: NEW PETROLEUM AGREEMENTS SIGNED BY EGYPT

1. DURING PAST WEEK GOE HAS SIGNED TWELVE NEW PETROLEUM EXPLORATION AGREEMENTS WHICH COMMIT COMPANIES INVOLVED TO EXPENDITURE OF THREE HUNDRED MILLION DOLLARS OVER NEXT EIGHT TO TWELVE YEARS. SIGNATURES BRING TOTAL AMOUNT NOW PLEDGED FOR EXPLORATION IN EGYPT OVER EIGHT TO TWELVE YEAR PERIOD TO 530 MILLION. SEVENTEEN COMPANIES NOW INVOLVED, INCLUDING TRANSWORLD, MOBIL, ESSO, CONOCO, AMOCO, UNION, SANTA FE, CHEVRON, ARCO AND PHILLIPS. SIGNATURES ARE FINAL STEP IN AGREEMENT PROCESS WHICH STARTED FOR MOST COMPANIES IN LATE 1973 AND EARLY 1974. AGREEMENTS WITH EGYPTIAN GENERAL PETROLEUM COMPANY (EGPC) WERE SIGNED IN JULY AND AUGUST AND HAVE BEEN AWAITING PEOPLE'S ASSEMBLY APPROVAL BEFORE FINALLY ENTERING INTO FORCE. COMPANIES HAVE COMMITTED THEMSELVES TO BEGIN EXPLORATION WITHIN SIX MONTHS AND IN MOST CASES TO DRILLING AT LEAST TWO WELLS IN CONCESSION AREAS. NEW AGREEMENTS ARE CONCENTRATED IN GULF OF SUEZ, WHERE AMOCO CURRENTLY PRODUCING AND WHERE NEW FIELD DISCOVERED BY EGPC IN OCTOBER, AND RED SEA AREA.

2. EGPC AGREEMENTS DIRECTOR IBRAHIM RADWAN HAS TOLD US THAT NEGOTIATIONS ARE CURRENTLY UNDERWAY WITH THREE OTHER OIL COMPANIES FOR FURTHER CONCESSIONS, PRINCIPALLY IN WESTERN DESERT. UNION OIL COMPANY AND A FRENCH COMPANY ARE REPORTED TO BE AMONG THOSE INVOLVED IN THIS NEW NEGOTIATION.

3. COMMENT: SIGNATURES ARE FINALE OF HIGHLY SUCCESSFUL MINISTRY OF PETROLEUM CAMPAIGN TO INTEREST WESTERN OIL COMPANIES IN PROSPECTING IN EGYPT. WORKING THROUGH EGPC, MINISTER HILLAL DEVISED STANDARD CONCESSION LANGUAGE WHICH WAS USED TO NEGOTIATE WITH ALL COMPANIES.

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PHILOSOPHY IS TO ALLOW COMPANIES FREEDOM OF OPERATION ONCE AGREEMENT IS SIGNED IN ORDER TO ENCOURAGE THEM TO FIND OIL AS QUICKLY AS POSSIBLE. EGPC ADMITS THAT IT IS CRITICIZED FOR NOT INCLUDING MORE RESTRAINTS AND REGULATIONS ON ACTUAL OPERATIONS OF COMPANIES, BUT MAINTAINS THAT PRINCIPAL OBJECTIVE IS TO FIND OIL AND FOR THAT COMPANIES MUST HAVE FREE HAND.

4. MAJOR INVOLVEMENT OF AMERICAN COMPANIES IN THIS
EFFORT IS BRIGHT SPOT IN OTHERWISE SLUGGISH PICTURE OF
FOREIGN ECONOMIC ACTIVITY AND REFLECTS UNIQUE CONFIDENCE
WHICH COMPANIES HAVE IN MINISTRY OF PETROLEUM.
EILTS

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